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## **Caribbean Basin**

**Post:** Miami ATO

### **Big Growth in Island Markets**

**Report Categories:**

Exporter Guide

Market Development Reports

Promotion Opportunities

Food Service - Hotel Restaurant Institutional

Livestock and Products

Fresh Fruit

Vegetables

Wine

Beverages

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**Report Highlights:**

Amidst the backdrop of lackluster economic performance in the Caribbean, improving economic conditions in advanced economies (namely the United States & Europe) continue to generate a growing influx of tourists to the Caribbean islands. More tourists are staying longer in the region, in the process generating greater demand for U.S. food and beverage products. In 2014 (Jan-Nov) U.S. exports of consumer-oriented agricultural products to the Caribbean increased by five percent and are well on the way to setting a new record for the category as it nears the USD 1 billion mark.

## General Information:

U.S. exports of food and beverage products to the Caribbean<sup>1</sup> continue their upward momentum. In fact, preliminary trade numbers indicate that in 2014 U.S. exports of consumer-oriented agricultural products to the region are on pace to top the record-high USD 925 million export level set in 2013.

### U.S. Exports of Consumer-Oriented Products to the Caribbean (USD thousands, MT)

Country	Jan-Nov 2013		Jan-Nov 2014		% Change	
	Value	Qty	Value	Qty	Value	Qty
Trinidad & Tobago	199,674	74,125.6	213,136	77,460.2	7	4
The Bahamas	188,830	65,305.3	195,661	63,917.9	4	-2
Bermuda	78,996	21,640.5	79,354	22,250.6	-	3
Aruba	55,776	16,482.9	58,850	17,003.3	6	3
Barbados	50,443	17,414.4	53,205	17,356.8	5	-
Curacao	49,585	16,949.3	56,161	17,838.9	13	5
Sint Maarten	47,959	12,093.6	50,706	12,461.9	6	3
Cayman Islands	47,365	12,035.7	50,859	12,190.8	7	1
St. Lucia	27,018	14,238.1	27,632	13,191.6	2	-7
Antigua & Barbuda	21,818	8,322.9	23,310	9,091.6	7	8
Other	86,986	34,773.1	90,470	32,502.8	4	-7
<b>TOTAL CARIBBEAN</b>	<b>854,450</b>	<b>293,381.4</b>	<b>899,344</b>	<b>295,266.4</b>	<b>5</b>	<b>1</b>

Source: Derived from U.S. Census Bureau Trade Data.

Interestingly, this growth is taking place while the economies of most Caribbean islands remain sluggish. According to the IMF, the tourist-dependent economies of the region are estimated to have grown by only 1.1 percent in 2014. Trinidad and Tobago, which relies on oil and natural gas exports rather than on tourism, is one of the few exceptions. Still, economic growth in Trinidad and Tobago is estimated at only 2.3 percent in 2014.

So what is behind this continued upward trend in U.S. consumer-oriented products to the region? Tourist arrivals to the Caribbean are expected to rise between two and three per cent in 2014, due in large measure to the expected improvements in advanced economies. Evidence of this is the fact that in 2014 Aruba welcomed its one millionth stop-over visitor in one year for the first time ever. Moreover, tourists are not only arriving in larger numbers, indications are that they are staying longer and spending more as well. Accommodation performance improved during the January-June 2014 period, with average room rate, revenue per available room, and overall room revenue increasing by 8.7 percent, 7.9 percent, and 9.3 percent, respectively over the same period in 2013. While certain economic factors in the region (large debt to GDP ratios, increased financing needs, fiscal deficits, external imbalances, reserve losses, etc.) are keeping tourism's impact on economic growth in check, they have not dampened its impact on the demand for U.S. products.

<sup>1</sup> For purposes of this report, the Caribbean refers to the 23 island markets covered by the Caribbean Basin Agricultural Trade Office (CBATO) in Miami: Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Bermuda, British Virgin Islands, Caribbean Netherlands or BES Islands (Bonaire, Sint Eustatius and Saba), Cayman Islands, Curaçao, Dominica, Grenada, Guadeloupe, Martinique, Montserrat, Saint Barthélemy, Saint Kitts and Nevis, Saint Lucia, Saint Martin, Saint Vincent and the Grenadines, Sint Maarten, Trinidad and Tobago, and Turks and Caicos Islands.

### Tourist Arrivals to the Caribbean by Sub Region (000s)

Sub-Region	Jan-Jun 2013 <sup>e</sup>	Jan-Jun 2014 <sup>e</sup>	% Change
Commonwealth Caribbean	3,759.4	3,900.5	3.8

Dutch Caribbean	1,002.6	1,040.2	3.8
French Caribbean	732.8	764.6	4.3
U.S. Territories	2,294.0	2,399.0	4.6
Other Caribbean Countries	5,536.6	5,798.2	4.7
<b>TOTAL Caribbean</b>	<b>13,324.0</b>	<b>13,902.6</b>	<b>4.3</b>

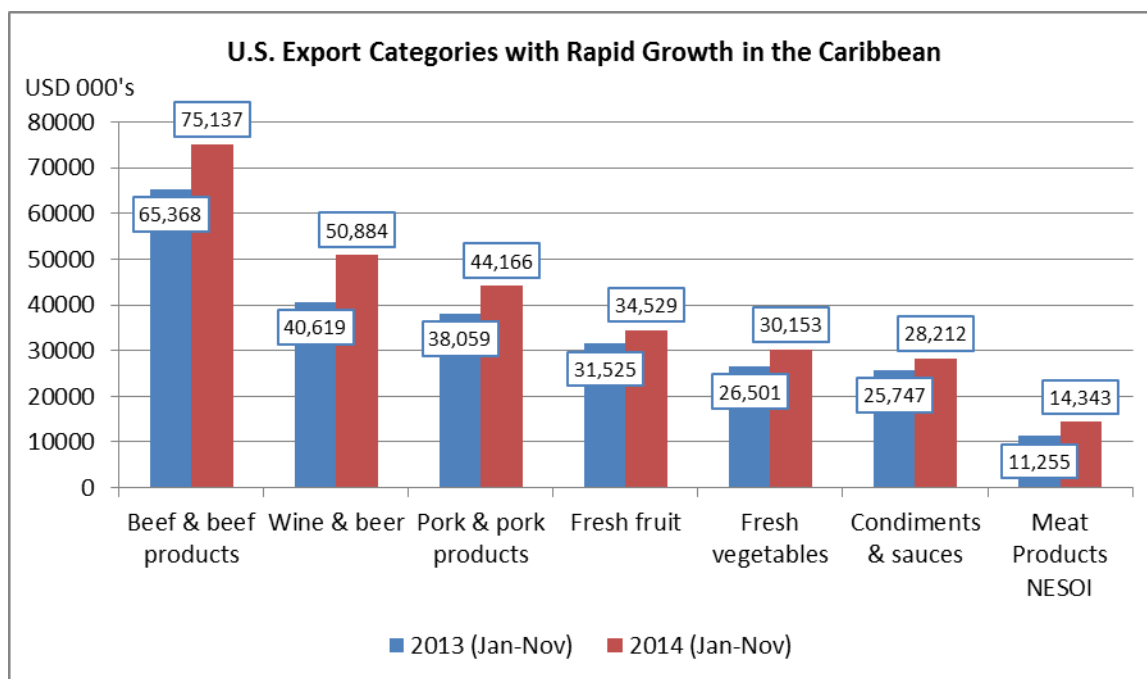
Source: Caribbean Tourism Organization (CTO) Member Countries and CTO estimates.

### Tourist Arrivals to the Caribbean by Main Market (000s)

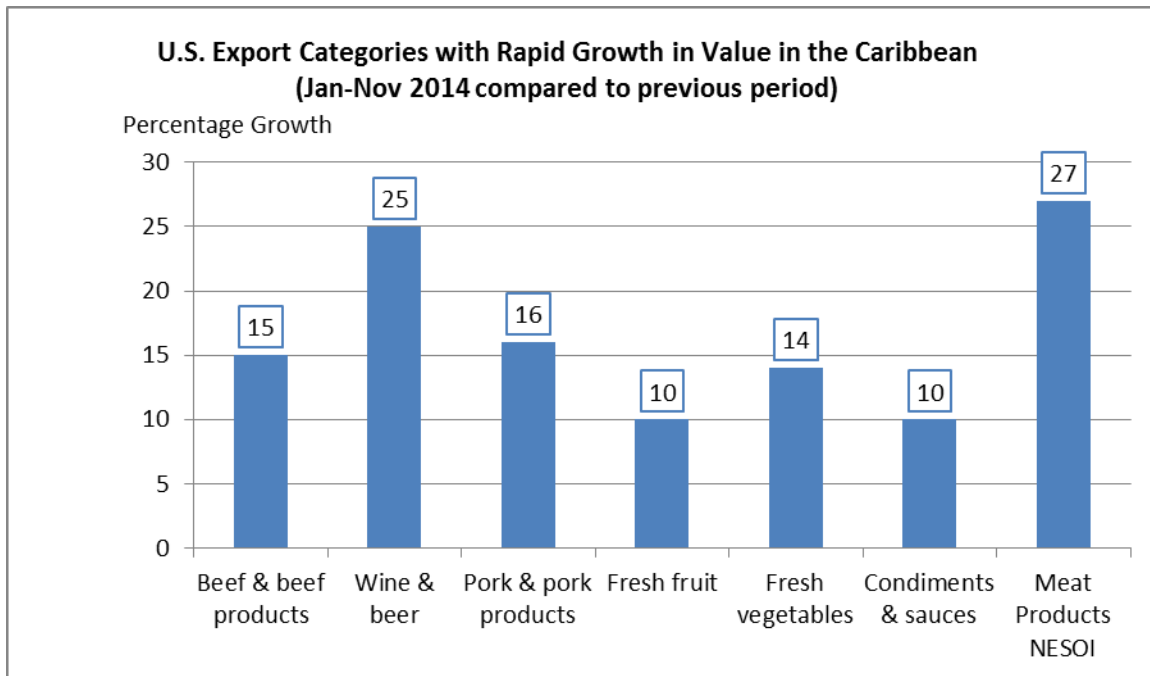
Sub-Region	Jan-Jun 2013	Jan-Jun 2014	% Change
United States	6,612.8	6,871.3	3.9
Canada	1,915.1	1,996.7	4.3
Europe	2,430.5	2,576.2	6.0
Other	2,365.6	2,458.4	3.9
<b>TOTAL Caribbean</b>	<b>13,324.0</b>	<b>13,902.6</b>	<b>4.3</b>

Source: CTO Member Countries and CTO estimates.

As a result of this growth in tourism, demand for food and beverage products in the region continues to swell. Although practically all products do well in the Caribbean given limited domestic production, the following product categories are experiencing the highest growth, both in terms of volume and value: beef and beef products, wine and beer, pork and pork products, fresh fruit, fresh vegetables, condiments and sauces, and meat products NESOI (not elsewhere specified or indicated).



Source: Derived from U.S. Census Bureau Trade Data.



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Meat products in particular are doing very well in the Caribbean. Aside from the obvious impact of increased tourist arrivals, there are other factors which are helping boost demand in spite of higher prices. The overall shortage of meat worldwide (with the exception of Australia) is reducing the availability of lower-priced competition. Moreover, for several years now, the U.S. Meat Export Federation (USMEF) has also been working on educating Caribbean customers on non-traditional value cuts that help the bottom-line. This is having a lasting impact on meat buyers across the region and is providing them reason to increase their purchases of U.S. meats, particularly beef and pork.

The wine & beer category is also experiencing explosive growth in some Caribbean markets. In Curacao alone, U.S. wine & beer exports increased by 116 percent in terms of value and 295 percent in terms of volume in 2014 (Jan-Nov). In Trinidad and Tobago growth in the category is 84 percent in terms of value and 103 percent in terms of volume. “Polar,” a popular Venezuela beer, is now being brewed in Tampa and is having a big impact on U.S. beer exports to the region. Coors is also entering some Caribbean markets and is reportedly doing very well. In terms of wine, supply issues in competing countries is resulting with increased market share for U.S. wines. In markets like Trinidad and Tobago, the health aspects of drinking wine is also helping to boost sales.

All in all, the opportunities for U.S. suppliers seeking to sell their food and beverage products in the Caribbean are expected to remain on the upswing as tourism continues to fuel growth in demand. In The Bahamas alone, Baha Mar, the 2,200-room luxury gaming resort, will open its doors later in 2015 under four luxury hotel brands: Baha Mar Casino & Hotel, Rosewood, SLS Lux, and Grand Hyatt. The continued expansion of U.S. franchises in the region also bodes well for U.S. suppliers. In 2014 Burger King opened three new restaurants in Guadeloupe and Martinique and plans to open four more restaurants in the French Antilles by the end of 2015. In 2014 Charley’s Philly Steaks opened its first franchise in Nassau.

